

**FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2019 AND 2018

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES

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Independent Auditor's Report

To the Board of Directors
Fraternal Order of Police
Andrew Jackson Lodge No. 5 and Affiliates
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of the Fraternal Order of Police Andrew Jackson Lodge No. 5 and Affiliates (a nonprofit organization, collectively the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Fraternal Order of Police Andrew Jackson Lodge No. 5 and Affiliates as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position as of December 31, 2019 and 2018 and the consolidating statements of activities and functional expenses for the years then ended on pages 17 - 20, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Crosslin, PUC

Nashville, Tennessee
September 25, 2020

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

| | <u>ASSETS</u> | |
|---------------------------------------|---------------------|---------------------|
| | 2019 | 2018 |
| Cash and cash equivalents | \$ 1,643,873 | \$ 1,401,163 |
| Investments | 441,888 | 387,738 |
| Prepaid expenses | 7,680 | 7,811 |
| Total current assets | <u>2,093,441</u> | <u>1,796,712</u> |
| Land | 67,503 | 67,503 |
| Building and improvements | 1,074,257 | 1,037,900 |
| Furniture and equipment | 337,761 | 326,571 |
| Property and equipment, at cost | <u>1,479,521</u> | <u>1,431,974</u> |
| Less: accumulated depreciation | <u>(975,884)</u> | <u>(905,447)</u> |
| Property and equipment, net | <u>503,637</u> | <u>526,527</u> |
| Total assets | <u>\$ 2,597,078</u> | <u>\$ 2,323,239</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable and accrued expenses | <u>\$ 55,983</u> | <u>\$ 23,543</u> |
| Total liabilities | <u>55,983</u> | <u>23,543</u> |
| <u>NET ASSETS</u> | | |
| Without donor restrictions | 2,522,954 | 2,280,046 |
| With donor restrictions | <u>18,141</u> | <u>19,650</u> |
| Total net assets | <u>2,541,095</u> | <u>2,299,696</u> |
| Total liabilities and net assets | <u>\$ 2,597,078</u> | <u>\$ 2,323,239</u> |

See notes to consolidated financial statements.

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| REVENUES AND SUPPORT: | | | |
| Membership dues - active members | \$ 792,979 | \$ - | \$ 792,979 |
| Membership dues - associate members | 21,743 | - | 21,743 |
| Contributions | 606,407 | 25,000 | 631,407 |
| Investment income | 50,733 | - | 50,733 |
| Rental and other income | 41,770 | - | 41,770 |
| Net assets released from restrictions - satisfaction of donor stipulations | 26,509 | (26,509) | - |
| TOTAL REVENUES AND SUPPORT | 1,540,141 | (1,509) | 1,538,632 |
| EXPENSES: | | | |
| Program services: | | | |
| Payroll | 70,786 | - | 70,786 |
| Depreciation | 65,771 | - | 65,771 |
| Utilities | 41,804 | - | 41,804 |
| Building maintenance and supplies | 16,154 | - | 16,154 |
| Food and kitchen supplies | 20,433 | - | 20,433 |
| Legal and professional | 177,713 | - | 177,713 |
| Telephone | 1,066 | - | 1,066 |
| Camper clothing | 495 | - | 495 |
| Equipment maintenance | 4,174 | - | 4,174 |
| Public relations and community involvement | 66,919 | - | 66,919 |
| Organizational events | 88,521 | - | 88,521 |
| Political activities | 82,314 | - | 82,314 |
| Other costs | 185,531 | - | 185,531 |
| Total program services | 821,681 | - | 821,681 |
| Supporting services: | | | |
| Management and general: | | | |
| Payroll | 16,527 | - | 16,527 |
| Depreciation | 4,616 | - | 4,616 |
| Utilities | 5,001 | - | 5,001 |
| Insurance | 46,911 | - | 46,911 |
| Building maintenance and supplies | 1,715 | - | 1,715 |
| Food and kitchen supplies | 1,658 | - | 1,658 |
| Legal and professional | 49,397 | - | 49,397 |
| Office expenses | 26,362 | - | 26,362 |
| Telephone | 4,267 | - | 4,267 |
| Equipment maintenance | 2,597 | - | 2,597 |
| Taxes and licenses | 89,918 | - | 89,918 |
| Other costs | 20,613 | - | 20,613 |
| Total management and general | 269,582 | - | 269,582 |
| Fundraising: | | | |
| Payroll | 205,837 | - | 205,837 |
| Public relations and community involvement | 133 | - | 133 |
| Total fundraising | 205,970 | - | 205,970 |
| Total supporting services | 475,552 | - | 475,552 |
| TOTAL EXPENSES | 1,297,233 | - | 1,297,233 |
| CHANGE IN NET ASSETS | 242,908 | (1,509) | 241,399 |
| NET ASSETS - BEGINNING OF YEAR | 2,280,046 | 19,650 | 2,299,696 |
| NET ASSETS - END OF YEAR | \$ 2,522,954 | \$ 18,141 | \$ 2,541,095 |

See notes to consolidated financial statements.

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| REVENUES AND SUPPORT: | | | |
| Membership dues - active members | \$ 731,861 | \$ - | \$ 731,861 |
| Membership dues - associate members | 50,823 | - | 50,823 |
| Contributions | 662,795 | 74,400 | 737,195 |
| Investment loss | (10,789) | - | (10,789) |
| Rental and other income | 35,672 | - | 35,672 |
| Net assets released from restrictions - satisfaction of donor stipulations | 54,750 | (54,750) | - |
| TOTAL REVENUES AND SUPPORT | 1,525,112 | 19,650 | 1,544,762 |
| EXPENSES: | | | |
| Program services: | | | |
| Payroll | 75,036 | - | 75,036 |
| Depreciation | 66,045 | - | 66,045 |
| Utilities | 39,487 | - | 39,487 |
| Building maintenance and supplies | 23,490 | - | 23,490 |
| Food and kitchen supplies | 18,456 | - | 18,456 |
| Legal and professional | 165,494 | - | 165,494 |
| Telephone | 1,673 | - | 1,673 |
| Camper clothing | 2,441 | - | 2,441 |
| Equipment maintenance | 3,210 | - | 3,210 |
| Public relations and community involvement | 99,690 | - | 99,690 |
| Organizational events | 47,511 | - | 47,511 |
| Political activities | 504,818 | - | 504,818 |
| Other costs | 71,429 | - | 71,429 |
| Total program services | 1,118,780 | - | 1,118,780 |
| Supporting services: | | | |
| Management and general: | | | |
| Payroll | 17,370 | - | 17,370 |
| Depreciation | 5,606 | - | 5,606 |
| Utilities | 4,143 | - | 4,143 |
| Insurance | 32,238 | - | 32,238 |
| Building maintenance and supplies | 2,162 | - | 2,162 |
| Food and kitchen supplies | 2,758 | - | 2,758 |
| Legal and professional | 36,792 | - | 36,792 |
| Office expenses | 8,397 | - | 8,397 |
| Telephone | 6,689 | - | 6,689 |
| Equipment maintenance | 2,089 | - | 2,089 |
| Taxes and licenses | 93,111 | - | 93,111 |
| Other costs | 1,945 | - | 1,945 |
| Total management and general | 213,300 | - | 213,300 |
| Fundraising: | | | |
| Payroll | 244,580 | - | 244,580 |
| Public relations and community involvement | 7,452 | - | 7,452 |
| Total fundraising | 252,032 | - | 252,032 |
| Total supporting services | 465,332 | - | 465,332 |
| TOTAL EXPENSES | 1,584,112 | - | 1,584,112 |
| CHANGE IN NET ASSETS | (59,000) | 19,650 | (39,350) |
| NET ASSETS - BEGINNING OF YEAR | 2,339,046 | - | 2,339,046 |
| NET ASSETS - END OF YEAR | \$ 2,280,046 | \$ 19,650 | \$ 2,299,696 |

See notes to consolidated financial statements.

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Cash received from memberships | \$ 814,722 | \$ 782,684 |
| Cash received from contributions | 631,407 | 737,195 |
| Interest received | (3,417) | 1,473 |
| Rental and other income received | 41,770 | 19,150 |
| Cash paid for program expenses | (723,339) | (1,074,772) |
| Cash paid for management expenses | (264,966) | (215,280) |
| Cash paid for fundraising expenses | (205,970) | (252,032) |
| | <u>290,207</u> | <u>(1,582)</u> |
| Net cash provided by (used in) operating activities | | |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (47,497) | (67,061) |
| Purchase of investments | - | (400,000) |
| Proceeds from sales of property and equipment | - | 18,000 |
| | <u>(47,497)</u> | <u>(449,061)</u> |
| Net cash used in investing activities | | |
| Net change in cash | 242,710 | (450,643) |
| Cash, beginning of year | <u>1,401,163</u> | <u>1,851,806</u> |
| Cash, end of year | <u>\$ 1,643,873</u> | <u>\$ 1,401,163</u> |
| Reconciliation of change in net assets to cash provided by (used in) operating activities: | | |
| Change in net assets | \$ 241,399 | \$ (39,350) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 70,387 | 71,651 |
| Gain on sale of property and equipment | - | (16,522) |
| Realized and unrealized gain on investments | 37,725 | 23,807 |
| Investment income | (91,875) | (11,545) |
| Decrease (increase) in: | | |
| Prepaid expenses | 131 | (7,811) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 32,440 | (21,812) |
| | <u>\$ 290,207</u> | <u>\$ (1,582)</u> |
| Net cash provided by (used in) operating activities | | |

See notes to consolidated financial statements.

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

A. GENERAL

The Fraternal Order of Police Andrew Jackson Lodge No. 5 (the “Lodge”) was formed as a non-profit 501(c)(8) organization for the purpose of establishing a fraternal society of police officers employed at the Metropolitan Government of Nashville and Davidson County, Tennessee. The Lodge’s primary purpose is to improve the working conditions of law enforcement officers and the safety of those they serve through education, legislation, community involvement, and employee representation.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statement Presentation

The accompanying consolidated financial statements present the financial position and changes in net assets of the Fraternal Order of Police Andrew Jackson Lodge No. 5 (the “Lodge”), the Andrew Jackson Police Youth Camp (the “Youth Camp”), and the Friends of Police (FOP), Andrew Jackson Lodge, Political Action Committee (the “PAC”), (collectively, the “Organization”) on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Under generally accepted accounting principles, the Organization demonstrates controls and economic interest in these entities, and therefore, the Organization’s financial statements are presented on a consolidated basis. All significant intercompany receivables and payables and income and expenses among consolidated entities have been eliminated upon consolidation, where applicable.

The Youth Camp was established by the as a section 501(c)(3) organization to build community involvement with Nashville’s underprivileged youth in a safe environment.

The PAC was established by the Lodge to support lobbying efforts of the Organization, to support issues that promote quality public safety, and seek out qualified candidates for public office were appropriate. The PAC is an unincorporated Political Action Committee.

During July 2019, the Organization incorporated another entity, The Nashville Fraternal Order of Police Foundation (the “Foundation”), a public benefit foundation. As of December 31, 2019, there were no transactions related to the Foundation. If there are transactions during fiscal year 2020, the Foundation will be consolidated into the Organization’s consolidated financial statements.

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

For reporting purposes, the Organization's consolidated financial statements have been prepared to focus on the Organization as a whole. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2019 and 2018, the Organization had no funds that were required to be maintained in perpetuity.

Contributions

Contributions received are recorded as without donor restrictions and with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions receivable are recorded at their estimated fair value and reflect discounts for payment terms greater than one year and allowances for uncollectible amounts. There were no contributions receivable as of December 31, 2019 and 2018.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Membership Revenue

Membership dues are recognized evenly over the applicable membership period. There are no advance collections recorded as membership dues are collected throughout the year consistent with the members' pay periods.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all cash and all highly liquid investments not held for long-term investment, and which have original maturities of three months or less, to be cash equivalents.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment return in excess of amounts designated for current operations includes the Organization's gains and losses on investments bought and sold as well as held during the year. Investment income is presented on the consolidated financial statements net of associated investment fees.

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment is recorded at estimated market value at the date of the gift. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The Youth Camp land and buildings were originally donated to the Organization for the sole purpose, designated by the donor, of being a youth camp. As such, the Organization is restricted from changing the primary use of the property. The net book value of the property was \$219,538 and \$201,774 at December 31, 2019 and 2018, respectively.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for purchases or improvements are capitalized for items exceeding \$1,000. When property and equipment is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

The estimated useful lives of depreciable property and equipment are as follows:

| | |
|----------------------------|---------------|
| Buildings and improvements | 5 to 30 years |
| Furniture and equipment | 5 to 15 years |

Depreciation expense for the years ended December 31, 2019 and 2018 was \$70,387 and \$71,561, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Tax Status

The Fraternal Order of Police Andrew Jackson Lodge No. 5 qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(8) of the Internal Revenue Code. The Andrew Jackson Police Youth Camp and the Nashville Fraternal Order of Police Foundation qualify as not-for-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for taxes has been made in the consolidated financial statements.

The Friends of Police (FOP), Andrew Jackson Lodge, Political Action Committee is unincorporated and subject to income tax. Income taxes are immaterial related to the PAC.

The Organization accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition.

Fair Value Measurements

Assets recorded at fair value in the statement of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, are as follows:

Level 1 - Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

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B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Advertising

Advertising costs are charged to expense as incurred. During the years ended December 31, 2019 and 2018, the Organization incurred advertising costs in the amounts of \$133 and \$778, respectively.

Donated Services

A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and fundraising activities; however, no amounts have been shown in the accompanying consolidated financial statements for donated services by volunteers since there is no objective basis by which to measure the value of such services.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that such estimates have been made on reasonable assumptions that such estimates are adequate. Actual results could differ from those estimates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

The Organization's costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Directly identifiable expenses are charged to programs. Supporting services expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization. Accordingly, costs have been allocated to the appropriate functions based upon management's estimates.

Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 presentation. These reclassifications had no effect on the results of operations or the change in net assets for the Organization for the year ended December 31, 2018.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Organization adopted ASU 2014-09 and related amendments on January 1, 2019 using the modified retrospective method. The adoption of the standard did not impact the results of operations or change in net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. The Organization early adopted ASU 2018-08 as of January 1, 2019 and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for the Organization's contributions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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C. LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year at December 31, 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ 1,643,873 | \$ 1,401,163 |
| Investments | <u>441,888</u> | <u>387,738</u> |
| Total financial assets | <u>2,085,761</u> | <u>1,788,901</u> |
| Less amounts not available to be used for general expenditures within one year: | | |
| Net assets with donor restrictions | <u>(18,141)</u> | <u>(19,650)</u> |
| Financial assets not available to be used within one year | <u>(18,141)</u> | <u>(19,650)</u> |
| Financial assets available to be used for general expenditures within one year | <u>\$ 2,067,620</u> | <u>\$ 1,769,251</u> |

The Organization receives membership dues from member payroll withholdings throughout the year. The Organization has significant assets to be available as its general expenditures, liabilities, and other obligations come due. As discussed in Note B, the Organization has also created a foundation in order to solicit additional donations.

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ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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D. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Disclosures concerning the estimated fair value of financial instruments are presented below. The estimated fair value amounts have been determined based on the Organization's assessment of available market information and appropriate valuation methodologies. The following table summarizes required fair value disclosures and measurements at December 31, 2019 and 2018, for assets measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

2019:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------|-------------------|----------------|----------------|-------------------|
| Investments: | | | | |
| Cash and cash equivalents | \$ 7,754 | \$ - | \$ - | \$ 7,754 |
| Mutual funds: | | | | |
| Equity funds | <u>434,134</u> | <u>-</u> | <u>-</u> | <u>434,134</u> |
| Total | <u>\$ 441,888</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 441,888</u> |

2018:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------|-------------------|----------------|----------------|-------------------|
| Investments: | | | | |
| Cash and cash equivalents | \$ 8,330 | \$ - | \$ - | \$ 8,330 |
| Mutual funds: | | | | |
| Equity funds | <u>379,408</u> | <u>-</u> | <u>-</u> | <u>379,408</u> |
| Total | <u>\$ 387,738</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 387,738</u> |

The following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

Investments - The fair value of mutual funds and equities are determined using primarily Level 1 inputs in accordance with ASC 820.

Other - The fair values of financial instruments for which estimated fair value amounts have not been specifically presented are estimated to approximate the related book values, primarily based on the short-term nature of these instruments.

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ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

D. INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued

The following schedule summarizes the investment income (loss) in the consolidated statements of activities and functional expenses for the years ended December 31, 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|--|------------------|--------------------|
| Interest and dividend income (including interest on cash and cash equivalents) | \$ 16,735 | \$ 15,625 |
| Realized gains on investments | 1,132 | 345 |
| Unrealized gains (losses) on investments | 36,593 | (24,152) |
| Less: Investment management fees | <u>(3,727)</u> | <u>(2,607)</u> |
| | <u>\$ 50,733</u> | <u>\$ (10,789)</u> |

E. NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 and 2018 are temporary in nature for purposes to be fulfilled in the subsequent year. Net assets with donor restrictions totaled \$18,141 and \$19,650 at December 31, 2019 and 2018, respectively, and are for the donor designated purpose of being used for the Caring Police Respond (“CPR”) Program. Net assets with donor restrictions totaling \$25,000 and \$74,400 were received in 2019 and 2018, respectively, with donor-imposed restrictions. In 2019 and 2018, net assets of \$26,509 and \$54,750, respectively, were released from donor restrictions by incurring expenses that satisfied the donor’s restrictions.

F. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash accounts at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to statutory limits. The Organization’s cash balances generally exceed statutory limits.

The Organization invests in various investment securities that are exposed to risks such as interest rate, market and credit risks. Because of the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Organization’s consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

G. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 25, 2020, which is the date the consolidated financial statements were available for issuance, and has determined that there was one subsequent event requiring disclosure as follows:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on ability to solicit donations, and generate rental income, all of which are uncertain and cannot be predicted. Additionally, this pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. Because the values of the Organization’s investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and related impact on the Organization’s liquidity cannot be determined at this time.

While expected to be temporary, the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Organization’s results of future operations, financial position, and liquidity in fiscal year 2020.

SUPPLEMENTARY INFORMATION

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

| | Fraternat Order of Police Andrew Jackson Lodge No. 5 | The Andrew Jackson Police Youth Camp, Inc. | Friends of Police (FOP), Andrew Jackson Lodge, Political Action Committee | Consolidating Entries | Total |
|---------------------------------------|---|---|---|--------------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 642,944 | \$ 954,898 | \$ 46,031 | \$ - | \$ 1,643,873 |
| Investments | 441,888 | - | - | - | 441,888 |
| Prepaid expenses | 7,680 | - | - | - | 7,680 |
| Total current assets | 1,092,512 | 954,898 | 46,031 | - | 2,093,441 |
| Land | 48,000 | 19,503 | - | - | 67,503 |
| Building and improvements | 595,376 | 478,881 | - | - | 1,074,257 |
| Furniture and equipment | 137,167 | 200,594 | - | - | 337,761 |
| Property and equipment, at cost | 780,543 | 698,978 | - | - | 1,479,521 |
| Less: accumulated depreciation | (582,244) | (393,640) | - | - | (975,884) |
| Property and equipment, net | 198,299 | 305,338 | - | - | 503,637 |
| Total assets | <u>\$ 1,290,811</u> | <u>\$ 1,260,236</u> | <u>\$ 46,031</u> | <u>\$ -</u> | <u>\$ 2,597,078</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued expenses | \$ 20,581 | \$ 35,402 | \$ - | \$ - | \$ 55,983 |
| Total liabilities | 20,581 | 35,402 | - | - | 55,983 |
| NET ASSETS | | | | | |
| Without donor restrictions | 1,270,230 | 1,206,693 | 46,031 | - | 2,522,954 |
| With donor restrictions | - | 18,141 | - | - | 18,141 |
| Total net assets | 1,270,230 | 1,224,834 | 46,031 | - | 2,541,095 |
| Total liabilities and net assets | <u>\$ 1,290,811</u> | <u>\$ 1,260,236</u> | <u>\$ 46,031</u> | <u>\$ -</u> | <u>\$ 2,597,078</u> |

See independent auditor's report.

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

| | Fraternat Order of Police Andrew Jackson Lodge No. 5 | The Andrew Jackson Police Youth Camp, Inc. | Friends of Police (FOP), Andrew Jackson Lodge, Political Action Committee | Consolidating Entries | Total |
|---------------------------------------|---|---|---|--------------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 501,672 | \$ 809,281 | \$ 90,210 | \$ - | \$ 1,401,163 |
| Investments | 387,738 | - | - | - | 387,738 |
| Prepaid expenses | 7,811 | - | - | - | 7,811 |
| Total current assets | 897,221 | 809,281 | 90,210 | - | 1,796,712 |
| Land | 48,000 | 19,503 | - | - | 67,503 |
| Building and improvements | 595,376 | 442,524 | - | - | 1,037,900 |
| Furniture and equipment | 133,476 | 193,095 | - | - | 326,571 |
| Property and equipment, at cost | 776,852 | 655,122 | - | - | 1,431,974 |
| Less: accumulated depreciation | (559,114) | (346,333) | - | - | (905,447) |
| Property and equipment, net | 217,738 | 308,789 | - | - | 526,527 |
| Total assets | <u>\$ 1,114,959</u> | <u>\$ 1,118,070</u> | <u>\$ 90,210</u> | <u>\$ -</u> | <u>\$ 2,323,239</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued expenses | \$ 22,450 | \$ 1,093 | \$ - | \$ - | \$ 23,543 |
| Total liabilities | 22,450 | 1,093 | - | - | 23,543 |
| NET ASSETS | | | | | |
| Without donor restrictions | 1,092,509 | 1,097,327 | 90,210 | - | 2,280,046 |
| With donor restrictions | - | 19,650 | - | - | 19,650 |
| Total net assets | 1,092,509 | 1,116,977 | 90,210 | - | 2,299,696 |
| Total liabilities and net assets | <u>\$ 1,114,959</u> | <u>\$ 1,118,070</u> | <u>\$ 90,210</u> | <u>\$ -</u> | <u>\$ 2,323,239</u> |

See independent auditor's report.

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Fraternal Order of Police Andrew Jackson Lodge No. 5 | The Andrew Jackson Police Youth Camp, Inc. | Friends of Police (FOP), Andrew Jackson Lodge, Political Action Committee | Consolidating Entries | Total |
|--|---|---|---|--------------------------|--------------|
| REVENUES AND SUPPORT: | | | | | |
| Membership dues - active members | \$ 792,979 | \$ - | \$ - | \$ - | \$ 792,979 |
| Membership dues - associate members | 21,743 | - | - | - | 21,743 |
| Contributions | 35,660 | 555,587 | 40,160 | - | 631,407 |
| Investment income | 48,913 | 1,820 | - | - | 50,733 |
| Rental and other income | 7,868 | 33,902 | - | - | 41,770 |
| TOTAL REVENUES AND SUPPORT | 907,163 | 591,309 | 40,160 | - | 1,538,632 |
| EXPENSES: | | | | | |
| Program services: | | | | | |
| Payroll | 47,395 | 23,391 | - | - | 70,786 |
| Depreciation | 18,464 | 47,307 | - | - | 65,771 |
| Utilities | 20,002 | 21,802 | - | - | 41,804 |
| Building maintenance and supplies | 6,860 | 9,294 | - | - | 16,154 |
| Food and kitchen supplies | 6,631 | 13,802 | - | - | 20,433 |
| Legal and professional | 177,713 | - | - | - | 177,713 |
| Telephone | 675 | 391 | - | - | 1,066 |
| Camper clothing | - | 495 | - | - | 495 |
| Equipment maintenance | 639 | 3,535 | - | - | 4,174 |
| Public relations and community involvement | 19,992 | 46,927 | - | - | 66,919 |
| Organizational events | 88,468 | 53 | - | - | 88,521 |
| Political activities | - | - | 82,314 | - | 82,314 |
| Other costs | 148,068 | 37,463 | - | - | 185,531 |
| Total program services | 534,907 | 204,460 | 82,314 | - | 821,681 |
| Supporting services: | | | | | |
| Management and general: | | | | | |
| Payroll | 11,849 | 4,678 | - | - | 16,527 |
| Depreciation | 4,616 | - | - | - | 4,616 |
| Utilities | 5,001 | - | - | - | 5,001 |
| Insurance | 8,025 | 38,886 | - | - | 46,911 |
| Building maintenance and supplies | 1,715 | - | - | - | 1,715 |
| Food and kitchen supplies | 1,658 | - | - | - | 1,658 |
| Legal and professional | 36,520 | 10,852 | 2,025 | - | 49,397 |
| Office expenses | 9,761 | 16,601 | - | - | 26,362 |
| Telephone | 2,701 | 1,566 | - | - | 4,267 |
| Equipment maintenance | 2,597 | - | - | - | 2,597 |
| Taxes and licenses | 89,346 | 572 | - | - | 89,918 |
| Other costs | 20,613 | - | - | - | 20,613 |
| Total management and general | 194,402 | 73,155 | 2,025 | - | 269,582 |
| Fundraising: | | | | | |
| Payroll | - | 205,837 | - | - | 205,837 |
| Public relations and community involvement | 133 | - | - | - | 133 |
| Total fundraising | 133 | 205,837 | - | - | 205,970 |
| Total supporting services | 194,535 | 278,992 | 2,025 | - | 475,552 |
| TOTAL EXPENSES | 729,442 | 483,452 | 84,339 | - | 1,297,233 |
| CHANGE IN NET ASSETS | 177,721 | 107,857 | (44,179) | - | 241,399 |
| NET ASSETS - BEGINNING OF YEAR | 1,092,509 | 1,116,977 | 90,210 | - | 2,299,696 |
| NET ASSETS - END OF YEAR | \$ 1,270,230 | \$ 1,224,834 | \$ 46,031 | \$ - | \$ 2,541,095 |

See independent auditor's report.

FRATERNAL ORDER OF POLICE
ANDREW JACKSON LODGE NO. 5 AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Fraternal Order of Police Andrew Jackson Lodge No. 5 | The Andrew Jackson Police Youth Camp, Inc. | Friends of Police (FOP), Andrew Jackson Lodge, Political Action Committee | Consolidating Entries | Total |
|--|---|---|---|--------------------------|---------------------|
| REVENUES AND SUPPORT: | | | | | |
| Membership dues - active members | \$ 731,861 | \$ - | \$ 43,250 | \$ (43,250) | \$ 731,861 |
| Membership dues - associate members | 50,823 | - | - | - | 50,823 |
| Contributions | 485 | 683,943 | 492,767 | (440,000) | 737,195 |
| Investment (loss) income | (11,144) | 355 | - | - | (10,789) |
| Rental and other income | 16,500 | 19,172 | - | - | 35,672 |
| TOTAL REVENUES AND SUPPORT | 788,525 | 703,470 | 536,017 | (483,250) | 1,544,762 |
| EXPENSES: | | | | | |
| Program services: | | | | | |
| Payroll | 47,243 | 27,793 | - | - | 75,036 |
| Depreciation | 22,423 | 43,622 | - | - | 66,045 |
| Utilities | 16,571 | 22,916 | - | - | 39,487 |
| Building maintenance and supplies | 8,646 | 14,844 | - | - | 23,490 |
| Food and kitchen supplies | 6,430 | 12,026 | - | - | 18,456 |
| Legal and professional | 165,494 | - | - | - | 165,494 |
| Telephone | 1,428 | 245 | - | - | 1,673 |
| Camper clothing | - | 2,441 | - | - | 2,441 |
| Equipment maintenance | 280 | 2,930 | - | - | 3,210 |
| Public relations and community involvement | 511,451 | 71,489 | - | (483,250) | 99,690 |
| Organizational events | 47,511 | - | - | - | 47,511 |
| Political activities | - | - | 504,818 | - | 504,818 |
| Other costs | 44,377 | 27,052 | - | - | 71,429 |
| Total program services | 871,854 | 225,358 | 504,818 | (483,250) | 1,118,780 |
| Supporting services: | | | | | |
| Management and general: | | | | | |
| Payroll | 11,811 | 5,559 | - | - | 17,370 |
| Depreciation | 5,606 | - | - | - | 5,606 |
| Utilities | 4,143 | - | - | - | 4,143 |
| Insurance | 7,744 | 24,494 | - | - | 32,238 |
| Building maintenance and supplies | 2,162 | - | - | - | 2,162 |
| Food and kitchen supplies | 2,758 | - | - | - | 2,758 |
| Legal and professional | 34,542 | 1,342 | 908 | - | 36,792 |
| Office expenses | 7,068 | 1,329 | - | - | 8,397 |
| Telephone | 5,711 | 978 | - | - | 6,689 |
| Equipment maintenance | 2,089 | - | - | - | 2,089 |
| Taxes and licenses | 91,903 | 1,208 | - | - | 93,111 |
| Other costs | 1,945 | - | - | - | 1,945 |
| Total management and general | 177,482 | 34,910 | 908 | - | 213,300 |
| Fundraising: | | | | | |
| Payroll | - | 244,580 | - | - | 244,580 |
| Public relations and community involvement | 7,452 | - | - | - | 7,452 |
| Total fundraising | 7,452 | 244,580 | - | - | 252,032 |
| Total supporting services | 184,934 | 279,490 | 908 | - | 465,332 |
| TOTAL EXPENSES | 1,056,788 | 504,848 | 505,726 | (483,250) | 1,584,112 |
| CHANGE IN NET ASSETS | (268,263) | 198,622 | 30,291 | - | (39,350) |
| NET ASSETS - BEGINNING OF YEAR | 1,360,772 | 918,355 | 59,919 | - | 2,339,046 |
| NET ASSETS - END OF YEAR | \$ 1,092,509 | \$ 1,116,977 | \$ 90,210 | \$ - | \$ 2,299,696 |

See independent auditor's report.